

China Media M&A Quarterly

3rd Quarter 2009

Quarter in Review

- ♦ The third quarter of 2009 saw reduced activity in the Chinese Media and Entertainment sectors with 22 deals reported versus 36 for Q3 2008 (although up from 18 in Q2 2009).
- ♦ Bright spots of deal activity were Ecommerce platforms with 9 deals reported and Online Gaming with 5 deals reported.

Deal Highlights

- ♦ Zhongnan Media, a subsidiary of Hunan Publishing Investment Holding Group, obtained \$66.9 million from Shenzhen Fortune Venture Capital, China VALIN and other three strategic investors.
- ♦ Shanghai SJS Film & TV obtained \$5.1 million from SIG Capital and Shanghai Xingke.
- ♦ Yicha.cn obtained \$30 million from undisclosed investors.
- ♦ AdChina, the internet advertising resources integrator, obtained \$30 million from Richmond Management, GSR Ventures and News Corp (Nasdaq: NWSA).
- ♦ UUCUN, a WAP based advertising service provider, obtained about \$2 million from Innobridge Venture Fund and other venture capital funds.

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Introduction

Cowen Latitude Asia, the wholly-owned Asia subsidiary of Cowen Group, Inc. (NASDAQ: COWN), is one of Asia's leading growth sector focused investment banks providing a full range of capital markets, M&A advisory and private placement services. The Firm specializes in the growth sectors of Alternative Energy, Consumer, Health Care, Industrial, Media, Technology, Telecom and Aerospace & Defense.

We are pleased to present our quarterly review of cross-border China M&A activity in Media-related industries, focusing on both financial and strategic buyers/investors acquiring China assets and Chinese corporations acquiring overseas targets.

The purpose of this report is to provide a summary of China cross-border Media-related M&A and private placement activities in the third quarter of 2009, highlighting selected notable transactions that are relevant to venture capital firms, private equity firms, and strategic buyers/investors. Our review is broken down into two broad categories, (i) Traditional Media and (ii) New Media, with specific focus on the following six major sectors:

TRADITIONAL MEDIA

- ◆ Out-of-Home Advertising
- ◆ Newspaper / Magazine / Book Publishing
- ◆ Production and Broadcasting

NEW MEDIA

- ◆ Ecommerce / Search / Portals
- ◆ Online Entertainment
- ◆ Wireless Value-Added Services ("WVAS")

There were no notable transactions in the Out-of-Home Advertising sector during the third quarter of 2009.

Traditional Media

Newspaper / Magazine / Book Publishing

Zhongnan Media, a subsidiary of Hunan Publishing Investment Holding Group, obtained RMB455 million (\$66.9 million) from Shenzhen Fortune Venture Capital, China VALIN and three strategic investors in a Series A round of funding. The Company publishes books, newspapers, periodicals and audio & video products. According to the chairman, the Company is targeting an A-share IPO in 2010. If successful, it will be the first non-reverse-merger A share IPO of an entire publishing group.

Selected Newspaper / Magazine / Book Publishing Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Jul 29	Shenzhen Fortune Venture Capital, China VALIN and other 3	Zhongnan Media (Hunan Publishing Investment Holding Group)	66.9	14.2	471.1	Books, newspapers, periodicals and audio & video publisher

Source: Company announcements, Capital IQ, Zero2IPO.com.cn, Quamnet.com, ChinaVenture, Investide.cn, Yahoo! Finance News and PRNewswire.

Production and Broadcasting

Shanghai SJS Film & TV obtained RMB35 million (\$5.1 million) from SIG Capital and Shanghai Xingke in a Series A round of funding. The Company was founded in 2003 as a 3D content provider for films, TV programs and TV series.

Selected Production and Broadcasting Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Jul 1	SIG Capital, Shanghai Xingke	Shanghai SJS Film & TV	5.1	NA	NA	3D content provider based in Shanghai
Jul 27	Qingdao Zhijin Trading	Zhangqiu Radio & TV Jadebird Information Network	12.0	49.0	24.5	Owns and operates radio and television broadcasting stations

Source: Company announcements, Capital IQ, Zero2IPO.com.cn, Quamnet.com, ChinaVenture, Investide.cn, Yahoo! Finance News and PRNewswire.

New Media

Ecommerce, Search, and Portals

Yicha.cn, one of China's largest operating wireless search engines, has obtained \$30 million from undisclosed investor(s) in a Series C round of funding. As reported by QQ.com, Bin Liu, the CEO of the Company is targeting an IPO in Japan in 2010.

AdChina, the internet advertising resources integrator, obtained \$30 million from Richmond Management, GSR Ventures and News Corp (Nasdaq: NWSA) in a Series B round of funding. The Company focuses on representing mainstream media platforms and high-end brand advertisers.

Selected Ecommerce, Search, and Portals Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Jul 8	efu.com.cn	eeff.net	NA	51.0	NA	Apparel portal, SNS and forum
Jul 13	Undisclosed VC investor	milimall.com	>1.5	NA	NA	Shenzhen based B2C cosmetics ecommerce website focused on international high-end products
Jul 20	Richmond Management, GSR Ventures, News Corp (Nasdaq: NWSA)	AdChina	30.0	NA	NA	Internet advertising resources integrator based in Shanghai
Jul 21	NA	yicha.cn	30.0	15.0	200.0	China's first wireless search engine
Jul 31	IDG, Ventech	shenzhoufu.com	10.0	NA	NA	China's first email and mobile phone number based online payment provider
Aug 1	Shenzhen Capital Group	Hand Pay	NA	NA	NA	Business partner of China Unipay
Aug 7	Matrix Partners	Anjuke	10.0	NA	NA	Operates a real estate site that provides online brokerage services for second-hand properties
Aug 9	SIG	shedewang.com	4.0	NA	NA	China's first online platform for the exchange of second-hand commodities among consumers
Aug 19	Venture Republic	askYaya.com	NA	NA	NA	Shopping search engine based in Shanghai

Source: Company announcements, Capital IQ, Zero2IPO.com.cn, Quamnet.com, ChinaVenture, Investide.cn, Yahoo! Finance News and PRNewswire.

Online Entertainment

Alibaba Group, which is 39% owned by Yahoo Inc. (Nasdaq: YHOO), announced the combination of its classified listing web site Koubei.com with its Chinese online retail site Taobao.com. the move is meant to transform Taobao into a one-stop platform for shopping, socializing and information sharing.

Selected Online Entertainment Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Jul 24	Giant Interactive (NYSE: GA)	Snow Wolf Game	NA	51.0	NA	Online Game developer based in Hangzhou

Selected Online Entertainment Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Aug 4	LineKong (Beijing) Technology	Condor Game	2.2	NA	NA	Online game development startup based in Beijing
Aug 5	Shanghai Angnuo Investment	Hito Game	NA	NA	NA	Online game development startup based in Shanghai
Aug 11	New Broadband Alliance Digital Company	Game Ocean Digital Network	NA	100.0	NA	Online game operator based in Guangzhou
Aug 19	A US private equity fund	Aurora Interactive	14.7	NA	NA	3D online game developer based in Beijing
Aug 21	taobao.com	koubei.com	5.0-6.0	100.0	5.0-6.0	Online classified listings for local services, previously acquired by Yahoo! China
Aug 25	DeNA	tx.com.cn	8.0	NA	NA	WAP SNS

Source: Company announcements, Capital IQ, Zero2IPO.com.cn, Quamnet.com, ChinaVenture, Investide.cn, Yahoo! Finance News and PRNewswire.

WVAS

UUCUN, a WAP based application and advertising service provider, obtained about \$2.0 million from Innobridge Venture Fund and other venture capital funds in a Series A round of funding. The Company provides mobile E-mail, web and cell phone software.

Selected WVAS Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Jul 20	Innobridge Venture Fund and other VC(s)	UUCUN	NA	NA	NA	WAP based application and advertising service provider
Aug 21	Beijing Yonghui Ruijin Venture Capital	Join The Click	0.3	35.0	0.9	Developer of wireless based entertainment contents and application programs
Aug 25	Beijing Yonghui Ruijin Venture Capital, Beijing Bewinner Communication	Beijing SaiBeiEr Network Information Technology	0.1	100.0	0.1	Mobile phone video technology and service provider, partnering with China Telecom

Source: Company announcements, Capital IQ, Zero2IPO.com.cn, Quamnet.com, ChinaVenture, Investide.cn, Yahoo! Finance News and PRNewswire.

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